

**FISCAL NOTE**  
**SB 2359 - HB 2384**

April 3, 1998

**SUMMARY OF BILL:** Extends existing state law on parity between physical health and mental health benefits to the state employee health insurance plan and to individual policies.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$1,000,000**  
**Increase State Revenues - Exceeds \$200,000**  
**Increase Local Govt. Expenditures - Exceeds \$100,000\***  
**Increase Local Govt. Revenues - Less than \$100,000**

**Other Fiscal Impact:**

**Increase Expenditures/Health Industry -Exceeds \$1,000,000\*\***  
**Increase Revenues/Health Industry - Exceeds \$200,000**

According to the Department of Finance, this bill would prevent the use of some current cost saving techniques such as utilization management, use of a provider network and cause some high cost benefit modifications to the state employee health plan. Increases in the plan's expenses would also impact local governments participating in the state plan.

Assumes that equalizing benefits in existing private individual policies would significantly increase costs to the health insurance industry.

Assumes an increase in premiums to employees in the state and local government health plans and to purchasers of individual private plans.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

*\*\*The impact on the health insurance industry is included as required by Chapter 244 of the Public Acts of 1989.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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